

**RULES
OF
DEPARTMENT OF REVENUE
INCOME TAX DIVISION**

**CHAPTER 560-7-8
RETURNS AND COLLECTIONS**

TABLE OF CONTENTS

560-7-8-.49 Seed-Capital Fund Tax Credits.

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(1) **Purpose.** This regulation provides guidance concerning the implementation and administration of tax credits under O.C.G.A. §§ 48-7-40.27 and 48-7-40.28.

(2) **Research Fund.** O.C.G.A. §§ 48-7-40.27 and 48-7-40.28 together create a maximum of one research fund which is used for purposes of both O.C.G.A. §§ 48-7-40.27 and 48-7-40.28.

(3) **Tax Credits for Qualified Investments under O.C.G.A. § 48-7-40.27.** The tax credit under O.C.G.A. § 48-7-40.27 shall be granted to a taxpayer for any qualified investment in the research fund made on or after July 1, 2008.

(a) **Credit amount.** The amount of the tax credit granted to a taxpayer shall be equal to 25 percent of the taxpayer's qualified investment.

(b) **Certification.** Prior to claiming the seed-capital fund tax credit for any qualified investment in the research fund, the quali-

fied investment must be certified by the research fund. This certification must be attached to Form IT-SCF when claiming the credit.

(c) Credit limitation. Once qualified investments in the research fund reach \$30 million in private investments, private investments will no longer be eligible for the credit.

(d) Qualified Investment. No taxpayer shall be eligible to claim the tax credits under O.C.G.A. § 48-7-40.27 for a cash investment if they claim the tax credit provided in O.C.G.A. § 48-7-40.28 for such cash investment.

(e) Annual Report. The research fund shall provide the Department, at least on an annual basis, a report that includes the taxpayer's name, the last four digits of the taxpayer's social security number or the employer identification number, as appropriate, and the amount of the taxpayer's qualified investment for which the research fund has issued to such taxpayer the certification pursuant to O.C.G.A. § 48-7-40.27. Such report shall also include copies of each certification issued during the reporting year. The research fund shall file this report with the Department no later than January 31 of the year following the end of the reporting year.

(4) Tax Credits for Qualified Investments under O.C.G.A. § 48-7-40.28. The tax credit under O.C.G.A. § 48-7-40.28 shall be granted to a taxpayer for any qualified investment made on or after July 1, 2008, in a legal entity in which the research fund has invested.

(a) Credit Amount. The amount of the tax credit granted to a taxpayer shall be equal to 10 percent of the taxpayer's qualified investment.

(b) Certification. Prior to claiming the seed-capital fund tax credit for any qualified investment in a legal entity in which the research fund has invested, the qualified investment must be certified by the research fund. This certification must be attached to Form IT-SCF when claiming the credit.

(c) Credit limitation. Once the total amount of qualified investments in legal entities that the research fund has invested in reaches \$75 million, investments will no longer be eligible for the credit.

(d) Qualified Investment. A taxpayer cannot claim the tax credit provided under O.C.G.A. § 48-7-40.28 for a cash investment into the research fund.

(e) Annual Report. The research fund shall provide the Department, at least on an annual basis, a report that includes the taxpayer's name, the last four digits of the taxpayer's social security number or the employer identification number, as appropriate, and the amount of the taxpayer's qualified investment for which the research fund has issued to such taxpayer the certification pursuant to O.C.G.A. § 48-7-40.28. Such report shall also include copies of each certification issued during the reporting year. The research fund shall file this report with the Department no later than January 31 of the year following the end of the reporting year.

(5) Claiming tax credits under O.C.G.A. §§ 48-7-40.27 and 48-7-40.28. Any taxpayer seeking to claim tax credits under O.C.G.A. § 48-7-40.27 and/or § 48-7-4.28 must submit Form IT-SCF and certification(s) issued by the research fund with the taxpayer's Georgia income tax return each year in which tax credits are claimed.

(6) **Carry Forward.** Any credit which is claimed under O.C.G.A. §§ 48-7-40.27 or 48-7-40.28 but not used in a taxable year may be carried forward for a maximum of ten years.

(7) **Pass-Through Entities.** When the taxpayer is a pass-through entity, and has no income tax liability of its own, the tax credits will pass to its members, shareholders, or partners in the same manner as they would account for their proportionate shares of income or loss from such entities. The credit forms will initially be filed with the tax return of the taxpayer to establish the amount of the credit available for pass through. The credit will then pass through to its shareholders, members, or partners to be applied against the tax liability on their income tax returns. The credits are available for use as a credit by the shareholders, members, or partners for their tax year in which the income tax year of the pass-through entity ends. For example: A partnership earns the credit for its tax year ending January 31, 2009. The partnership passes the credit to a calendar year partner. The credit is available for use by the partner beginning with the calendar 2009 tax year.

(8) **Effective Date.** The effective date for this regulation is July 1, 2008.

Authority: O.C.G.A. §§ 48-2-12, 48-7-40.27 and 48-7-40.28.